

1. Narrative

1.1 DESCRIPTION OF INTENDED USE

Kerr-McGee Oil & Gas OnShore LP (KMG), an Anadarko company, intends to use two existing oil and gas operations areas as locations to directionally drill thirteen (13) oil and gas wells. These wells will be known as the Nelson 2-35, Nelson 3-35, Nelson 4-35, Nelson 5-35, Nelson 6-35, Nelson 7-35, Nelson 8-35, Nelson 21-35, Nelson 22-35, Nelson 24-35, Nelson 30-35 and Nelson 41-35 wells. The purpose is to produce hydrocarbons from underlying formations known to have commercial potential for the production of such substances. These proposed wells will twin the existing wells as seen in Table 1.2.

1.2 SITE IMPROVEMENTS

KMG shall construct an operations area of approximately three acres per pad location. This space will be utilized for the purpose of drilling the wells to sufficient depths and to adequately test all formations as follows:

Well Name	Total Depth (Approximately)	Twinning Well
Nelson 2-35	8,212'	Lansons Farm #11
Nelson 3-35	8,316'	Lansons Farm NAV #4
Nelson 4-35	8,380'	Lansons Farm NAV #4
Nelson 5-35	8,346'	Lansons Farm NAV #4
Nelson 6-35	7,887'	Lansons Farm NAV #4
Nelson 7-35	8,049'	Lansons Farm #11
Nelson 8-35	8,100'	Lansons Farm #11
Nelson 21-35	7,893'	Lansons Farm #11
Nelson 22-35	8,381'	Lansons Farm NAV #4
Nelson 24-35	8,626'	Lansons Farm #11
Nelson 30-35	8,623'	Lansons Farm NAV #4
Nelson 41-35	8,544'	Lansons Farm #11

A Site Plan is included with this Application for further use and review (See Maps).

After the wells have been drilled to their total depths and completed as wells capable of production, KMG will reclaim the drill site. The reclamation will be in accordance with the applicable rules and regulations of the Colorado Oil and Gas Conservation Commission (COGCC). If any of the wells are not capable of production, that specific well (or wells) will be plugged and abandoned as a dry hole and the same reclamation of the site will apply.

If the wells are completed as producers, the well head locations will encompass a fenced and gated area approximately twelve (12) feet by twelve (12) feet each. The fences will be constructed of acceptable material to KMG and the towns' requirements. Flow lines will be laid to connect these wells to the existing production facilities located in the N/2 of Section 35, Township 2 North, Range 68 West, 6th P.M.

1.3 CHARACTERISTICS OF INSTALLATION

These wells will have a wellhead assembly installed on site. Additional tank batteries, separators, meter houses and possible emissions control devices will be installed with the existing production

facility areas. Photographs of this type of equipment are included in this application for reference (See Graphics).

1.4 CHARACTERISTICS OF DRILLING AND COMPLETION OPERATIONS

KMG management will utilize authorized employees and professional contractors to conduct the drilling and completion operations on site. The actual drilling phase is approximately six (6) to eight (8) days per well, under normal circumstances. Drilling will be continuous, 24 hours a day, for this six to eight day period. Completion operations will be performed on each well following the drilling phase. The production facilities will be installed and the wells put on-line. The surface will be re-graded to its prior condition as nearly as practicable. The entire process from building location to reclamation will take approximately 90-120 days per pad. Steps will be taken to mitigate noise due to drilling operations to the best of KMG's ability.

1.5 CHARACTERISTICS OF MAINTENANCE

A lease operator will inspect the wells on a regular basis under normal conditions and as required by any special circumstances under the supervision of the KMG Area Manager.

1.6 DISPOSAL METHODS STATEMENT

- Drilling mud will be spread on lands outside of the city limits in a manner approved by the COGCC.
- A commercial size trash bin for removing debris will be located on site. This bin will be for use by all parties affiliated with the operation.
- Human waste will be properly handled by portable sanitary facilities located on site. KMG contracts a professional sanitary service to provide and maintain the self-contained sanitary facilities throughout the oil and gas operation. For privacy, waste facilities will be shielded and/or faced away from the neighboring residences.
- Produced water will be disposed of off site as approved by the COGCC.

1.7 STATEMENT REGARDING MOTORS, PUMPS, ETC. TO BE USED

These well locations will have only wellheads installed on site. There may be a small motor installed on site due to the fact that the wells will be drilled from a pad and utilizing the same production facilities. If this motor is installed, it makes very little noise.

1.8 RELATIVE PLANS

- Noise: KMG will meet all applicable noise requirements set forth by COGCC regulations during operations. Exhaust from all engines, motors and related equipment, shall be vented in a direction away from occupied buildings where practical.
- Vibration: KMG will meet all applicable vibration requirements set forth by COGCC regulations during operations. There is not any unusual vibration anticipated from the proposed operation.
- Air and Water Quality: KMG will meet all applicable air and water quality requirements set forth by COGCC regulations during operations. KMG will comply with the Colorado Department of Public Health and Environment regulations by filing an Air Pollution Emissions Notice (A.P.E.N.), along with any other additional required application data. If production volumes exceed required thresholds, KMG will install emissions control devices as warranted to obtain required reductions of ozone precursors. The COGCC sets forth specific requirements for casing depth in order to protect ground water sources. Produced water will be hauled away and properly disposed of in accordance with COGCC regulations.

- Odor: KMG will meet all applicable odor requirements set forth by COGCC regulations during operations. There is not any noxious, prolonged or unusually high amounts of odor expected from the proposed operation.
- Visual Impacts: KMG will meet all applicable visual impact requirements set forth by COGCC regulations during operations. The permanent facilities will be painted in accordance with COGCC regulations and in a manner to harmoniously blend with the surrounding environment. The site will be reclaimed to as near the original grades as practicable.
- Environmental Impacts: A representative of KMG's Environmental Group will perform a site inspection to clear the location for environmental issues (including wildlife and wetlands) prior to site construction activities. KMG will comply with all applicable wildlife and wetland regulatory requirements. Impacts to regulated wildlife species and jurisdictional wetlands are not expected.
- Waste: Please refer to section above, 1.6 – Disposal Methods Statement.
- Public Safety: The completed wellsites will be surrounded with a 6' chain-link fence and gate with adequate lock. KMG personnel will monitor the wellsites regularly upon completion of the wells. Authorized representatives and/or KMG personnel shall be on-site during drilling and completion operations. A complete Emergency Response Plan has been prepared and reviewed by the local Fire Authority. A copy of this Plan is included with this application (See Emergency Response and Fire Protection Plan).
- Access Roads: KMG will utilize the existing lease access roads from WCR 16. KMG will comply with Section 9.11 of the Town's Oil and Gas Drilling and Production Ordinance Regarding Tank Battery and Well Head Access Roads. The road will be properly engineered with a width of 20' feet and an aggregate base course surface of 6" inches. The aggregate base will be compacted to a minimum density of 95% of the maximum density. Access will be properly graded and culverts shall be utilized where necessary.
- Subsidence: To the best of KMG's ability, the well bore will be engineered to avoid subsidence that could occur during the drilling process. Subsidence issues are not anticipated with the proposed operations. Should the well head be plugged and abandoned, KMG operations will meet all requirements set forth in applicable COGCC regulations regarding plugging and abandonment.